

THE FUTURE OF WORK: EMPLOYMENT LAW TRENDS SHAPING 2026

30 December 2025



As we move into 2026, several developments including legislative initiatives introduced in 2025 will shape the labour landscape in the year ahead. These reforms expand social protection and introduce new compliance obligations for employers.

This article highlights four key developments to note.

1. LINDUNG 24/7

The Employees' Social Security (Amendment) Bill 2025 ("**SOCSO Amendment Bill**") was passed by the Dewan Rakyat (House of Representatives) and the Dewan Negara (Senate) on 2 and 18 December 2025 respectively. It will come into force on a date to be determined by the Minister of Human Resources after receipt of Royal Assent and gazettment.

Essentially, the Bill will introduce the "Skim Kemalangan Bukan Bencana Kerja" or "LINDUNG 24/7" which seeks to offer 24/7 protection to employees covering personal injury to the employee caused by accident not arising out of and in the course of his employment ('**non-employment injury**'), other than:

- a. where the accident occurs outside Malaysia;
- b. in cases where the insured person is involved in any act that is punishable under Section 93 of the Employees' Social Security Act 1969 ("**SOCSO Act**"), which relate to punishment for false information for the purposes of, amongst others, causing payment or benefit to be made under the SOCSO Act where no payment or benefit is authorised, or to avoid making any payment to be made by him under the SOCSO Act; and
- c. in the case of a foreign worker, where a valid pass or permit is misused or any entry requirements under the Immigration Act 1959/63 is breached.

Other key features of the SOCSO Amendment Bill include the following:

- a. Employees will be required to make contributions under Section 6 of the SOCSO Act in three distinct phases, which may be utilised to cover non-employment injuries. Previously, only employers were required to make Second Category contributions.
- b. In respect of non-employment injury contributions, where an employee has two or more employers at a time, the employee may choose one employer to whom contributions shall be made. Upon such choice being made, that employer will become responsible for making the non-employment injury contributions, although the obligation to pay for the same is solely the employee's.

This is in line with current employment trends of flexible work arrangements and aims to remedy the previous situation where claims were rejected by Social Security Organisation (“SOCSO”) on the ground that there were non-employment claims.

There are undoubtedly clear benefits to this initiative – particularly for employees who do not have their own insurance or takaful coverage, although certain uncertainties remain, particularly regarding the implementation timeline for each Phase. While the mandatory contribution scheme is well-intended, some employees who already have insurance or takaful cover may view the new requirement as an additional or unnecessary financial burden.

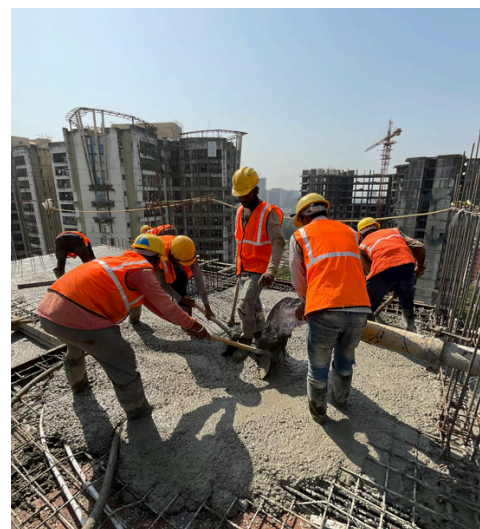
2. Employment Insurance System (Amendment) Bill 2025

The tabling of the Employment Insurance System (Amendment) Bill 2025 (“EIS Amendment Bill”) before the Dewan Negara (*Senate*) of the Malaysian Parliament has been postponed to 2026. The EIS Bill had earlier been passed by the Dewan Rakyat (*House of Representatives*) of the Malaysian Parliament on 2 December 2025.

According to the then Minister of Human Resources, Steven Sim,¹ following concerns raised by industry players, the Cabinet has postponed the tabling of the EIS Amendment Bill to enable SOCSO to remove the proposed section 45F(4) which imposes a fine of up to RM10,000 on employers who fail to notify SOCSO of job vacancies or newly created positions within seven days under the proposed section 45F(1). According to the Minister, the deferment will also enable SOCSO to review and improve the proposed new section 45F.

Prior to this, on 4 December 2025, SOCSO had issued a Media Statement clarifying that they will implement a two-year moratorium that will precede enforcement, and that they will have more consultative sessions in the meantime. It remains to be seen whether the proposed moratorium will be implemented in light of the recent developments with regard to the EIS Amendment Bill.

Essentially, the proposed amendments extend the coverage of the Employment Insurance System Act 2017 and empower SOCSO to provide employment services to ‘any person’, including casual workers, and gig and platform workers. Essentially, for SOCSO to take steps to match the right person to the right job.



¹ [Government to drop penalty clause in Employment Insurance System Bill, says HR minister; The Edge, 10 December 2025.](#)

Enhanced benefits to be introduced under the EIS Amendment Bill will include:

- (a) the introduction of a Mobility Assistance Allowance of RM1000 (with certain conditions); and
- (b) the increase in the rates for re-employment allowance (from 25% to 50%), max training fee (RM4,000 to RM7,000), and the rate for training allowance (to a maximum of RM30 per day).

3. Gig Workers Bill 2025

The next noteworthy development is right on the current global employment trend – increased protection to a growing group of workers in many countries around the world including Malaysia - the Gig Workers Bill 2025 (“**Gig Workers Bill**”) which was passed by our Dewan Rakyat (*House of Representatives*) and Dewan Negara (*Senate*) on 28 August 2025 and 9 September 2025 respectively and which will become law upon receiving Royal Assent and being gazetted and come into operation on a date to be appointed by the Minister of Human Resources.



The Gig Workers Bill aims to protect the well-being of about 1.2 million gig workers in Malaysia, and according to the then Minister of Human Resources, Steven Sim, “*We are the 16th country in the world to have such legislation.*”²

The Gig Workers Bill introduces statutory definitions for “gig worker”, “contracting entity”, “platform provider” and “service agreement”, providing clarification that other than delivery/ e-hailing drivers, individuals who perform services such as acting, filming activities, music-related activities, aesthetic, translation, journalism, prenatal and postnatal care or treatment, palliative, elderly and rehabilitation care, and photography and videography, for earnings under a service agreement with a contracting entity, will also be considered as gig workers and come within the ambit of the proposed new law.

Essentially, the Gig Workers Bill provides some protection to these gig workers in Malaysia by amongst others:

- (a) regulating the terms of service agreement entered into;
- (b) introducing protection against discrimination and termination without just cause or excuse for gig workers;
- (c) providing a dispute resolution mechanism for gig workers;
- (d) establishing a Gig Workers Tribunal, where the hearings are open to the public; and
- (e) requiring platform providers specifically to register their gig workers under the Self-Employment Social Security Act 2017 and to remit contributions to SOCSO on their behalf.

² [Malaysia, 16th Country in the World to have Gig Economy Laws – Sim; Bernama, 28 August 2025.](#)

4. Raising of Stamp Duty Exemption Threshold for Employment Contracts

Employment contracts are presently subject to a stamp duty of RM10 under Item 4, First Schedule of the Stamp Act 1949, with an exemption only where the employee's monthly wage does not exceed RM300.

Pursuant to the Malaysian Budget 2026, the wage threshold for stamp duty exemption on employment contracts will be raised from RM300 to RM3,000 per month, effective 1 January 2026. Hence, effective 1 January 2026³, employers should stamp all contracts of employment above the threshold of RM3,000 per month within 30 days of execution to ensure full compliance and avoid penalties. For contracts of employment executed this year (on or after 1 January 2025), stamping is mandatory but there is a remission of late stamping penalty granted up to 31 December 2025.

The new threshold, which is more realistic in this day and age, is expected to provide some cost savings and ease the administrative burden for businesses in formalising employment contracts and onboarding of employees.

Conclusion

In the recent Cabinet reshuffle announced on 16 December 2025, YB Datuk Seri R. Ramanan Ramakrishnan was appointed as Minister of Human Resources, succeeding YB Steven Sim. The newly appointed Minister of Human Resources said that the nation's workforce development agenda will be further strengthened in a comprehensive and inclusive manner in line with the Madani aspiration.⁴

With the developments that look set to take place, 2026 is likely to be another interesting year for labour law in Malaysia, and businesses will do well to keep abreast with the developments, and to review and update their existing practices to ensure compliance with the same.

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This article is adapted from the session by the abovenamed writer during Skrine's event titled "Six Signals for 2026" held on 10 December 2025.

² *Malaysia, 16th Country in the World to have Gig Economy Laws - Sim; Bernama, 28 August 2025.*

³ *The amendment to the Stamp Act 1949 to increase the exemption threshold for stamping of employment contracts will come into effect when the relevant amendment in the Finance Bill 2025 becomes law and comes into operation on 1 January 2026.*

⁴ *New HR Minister Ramanan looking to further strengthen nation's workforce development; The Star, 16 December 2025.*



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